

166 Die as Airliner Crashes In Central Mexico Mountains

MEXICO CITY—A Mexican Airlines Boeing 722 carrying 166 passengers and crew crashed Monday into a mountain in central Mexico. A government official said all aboard were killed.

The jetliner crashed near the town of San Miguel de Allto, 100 miles (160 kilometers) northwest of Mexico City, minutes after lifting off from Benito Juarez International Airport on route to the Pacific coast of Puerto Vallarta and then to Mazatlan and Los Angeles.

At Benito Juarez, the airline said, the plane was being refueled. It was then that the crash occurred. The wreckage was found in a mountainous area about 100 miles from the city. The plane was flying at an altitude of about 35,000 feet when it crashed.

Police are now searching for the wreckage. The airline said it was not sure if the plane was carrying any dangerous cargo.

The crash was the deadliest in Mexico's history. The last time a plane crashed with so many deaths was in 1979, when a Boeing 747 crashed in the Andes mountains, killing 234 people.



Police took a Hindu into custody during Monday's protest against Sikh violence.

1,300 Are Arrested in Indian Capital As Hindus Protest Attacks by Sikhs

NEW DELHI—Police in New Delhi arrested about 1,300 demonstrators Monday on the first day of protests against the violence of the Sikh extremists in the Punjab.

The demonstrators were protesting the violence of the Sikh extremists in the Punjab. They were protesting the violence of the Sikh extremists in the Punjab.

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Saudi Arabia Reported to Cut Oil Production

BAHRAIN—Saudi Arabia reported its oil output in March in a move that could help defuse criticism of its oil policy, industry sources said Monday.

Saudi Arabia's oil minister, Sheikh Ahmed Zaki Yamani, said the kingdom has no plans to cut production from its OPEC quota, the Middle East Economic Survey, which has close ties to the kingdom, reported Monday.

Ahmed Zaki Yamani

Shultz Urges End to Public Diplomacy

WASHINGTON—Secretary of State George P. Shultz has warned that "we're not going anywhere" in Soviet-American relations until Moscow and Washington agree to resume regular, secret contacts.

Mr. Shultz expressed dismay Sunday about the recent pattern of Soviet-American public statements, including the latest exchange Saturday in which Mikhail S. Gorbachev, the Soviet leader, proposed a summit meeting in Europe to negotiate a ban on nuclear tests. The proposal was immediately rejected by the White House.

Protestants, Police Clash After Ulster Detentions

BELFAST—At least 20 Protestant paramilitary leaders were arrested in dawn raids Monday in Northern Ireland, and Protestant forces in the town of Portadown, injuring several police officers.

The British Army said it had arrested 20 paramilitary leaders in Portadown. The army said it was looking for 10 more leaders.

Aliens in the Promised Land

Ethiopian Jews Find Isolation, Unemployment in Israel

By Henry Kamm
New York Times Service

JERUSALEM—Integrating the 15,000 Ethiopian Jews who have been brought to Israel in the last eight years is proving, in the view of those who deal with it, to be as difficult an immigration problem as the nation of immigrants has faced.

The problems arise from a wide cultural gap, a continuing rabbinical challenge to the Ethiopians' Jewishness, unemployment and deep sorrow among Ethiopian Jews.



After the fire, Hampton Court palace had a gaping hole in the roof of the south wing.

Fire Damages Hampton Court Palace

By Steve Lohr
New York Times Service

LONDON—A fire damaged a wing of Hampton Court, Henry VIII's palace by the Thames and one of Britain's most famous historic buildings, on Monday, killing the widow of a British war hero and causing millions of dollars in damage.

Japan

Portadown—Police fired plastic bullets to disperse a crowd of about 300 people who were holding stones, bricks and bottles.

The violence in Portadown came after a Protestant organization called the Apprentice Boys tried to defy a government ban to parade through the town.

In Argentina, Democracy Includes a Harsh Lesson in the Reality of Poverty

By Lydia Chavez
New York Times Service

BUENOS AIRES—On a recent afternoon, five elderly children were working as valets at the busy corner of Corrientes and Recoleta, where taxis wait to pick up passengers. Alberto Navarro, 11, and his sister, 12, said they could each earn the equivalent of \$5 a day in tips.

Argentina

Argentina—The report shows that 7.6 million Argentines, or a quarter of the population, are unable to satisfy their basic needs.

The unemployment rate has risen to 16 percent, from below 4 percent in 1982 and a half year.

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No End in Sight to Sri Lanka Violence

Rebels, Government Harden Positions After Collapse of Talks

By Steven R. Weisman
New York Times Service

COLOMBO, Sri Lanka — After nine months of on-and-off talks to end the violence in Sri Lanka, fighting between the government and Tamil guerrillas has reverted to the high level of early last year, and both sides say that a negotiated settlement seems further away than ever.

Attacks and retaliations by government forces and the insurgents, in which hundreds have died, have risen in recent weeks, and government and Tamil leaders acknowledge that their bargaining positions have hardened.

Spokesmen for both sides said the violence had produced such bitterness that they were unable to make concessions that they might have been willing to make a year or two ago.

The talks and the cease-fire, arranged by Prime Minister Rajiv Gandhi of India last June, have broken off, with Indian officials contending that Sri Lanka took advantage of the lull in fighting last year to rebuild its military forces.

An economic decline in the last several months has complicated Sri Lanka's problems, according to Finance Minister Ronald J.G. De Mel.

Mr. De Mel said that Sri Lanka had been badly hurt by the recent collapse of prices for tea and coconuts and a sharp rise in military spending in January that could force a cutback in spending for economic development. Tourism fell by 30 percent in 1984 and another 10 percent last year, he said, and foreign investment is drying up because of the failure of the negotiations this year.

The guerrillas seek an independent state for Tamils in the northern and eastern part of Sri Lanka, an island dominated by the Sinhalese. The negotiations have been aimed at a possible formula granting political autonomy to Tamil-dominated areas.

In the northern Jaffna peninsula, the

Tamil insurgents exercise virtual sovereignty, with the authority of government forces extending no farther than the perimeter of their armed camps. In other parts of the north, government troops are able to make sweeps but unable to retain complete control.

In one key respect, observers say, the government has managed to improve its military position. Air strikes from newly acquired helicopters and airplanes are believed to have given the government a new advantage, particularly in the east.

The air strikes are said to have enabled the government to attack suspected guerrilla hideouts without having to send convoys along the roads, which have been mined by the rebels.

"The Tamils are not as effective as they used to be," said one diplomat with ties to the Tamils. "By use of force, the army is changing the population of the eastern province. They are driving thousands of Tamils out of the area."

But the air strikes were suspended recently after it was reported that civilians were being killed. The reports led to angry protests in India, where the Indian foreign minister asserted that Sri Lanka's policy included "elements of genocide."

The charge was rejected by government leaders, who countered by again accusing New Delhi of permitting weapons to be shipped to the rebels from bases in southern India. They said 14 boats carrying arms were spotted in February alone.

Military analysts say the government's current advantage could end quickly if the Tamil guerrillas acquire the means to shoot down the helicopters. Diplomats say that it is only a matter of time before the militants get shoulder-launched heat-seeking missiles and that the military balance could change if this happens.

The guerrilla groups espouse a Marxist-Leninist line and proclaim friendship with groups such as the Palestine Liberation Organization. Sri Lanka officials

contend that the rebels get weapons with the help of Libya and various international terrorist groups.

Army forces have spent much of the last year trying to instill discipline to avoid rampages by soldiers and the killing of civilians. Reports about the success of these efforts are mixed.

Tamil leaders and Indian diplomats also contend that Sri Lanka's tactics, including air attacks, the razing of villages and sweeping arrests in Tamil areas, have alienated the entire Tamil population and created tens of thousands of refugees. The government says it is the insurgents whose violence has disrupted the lives of Tamils and Sinhalese alike.

The Tamil movement for greater political rights grew in the 1970s, but not until the last few years did it become a full-scale insurgency. Experts on all sides agree that the guerrillas were able to become strong by using southern India as a sanctuary and arms supply base.

A year ago Tamil military pressure reached a peak. The small Sri Lanka Army was overwhelmed, government officials acknowledge. Insurgents were finding it relatively easy to rob banks, raid police stations and blow up military convoys and warehouses.

But in the last year the government has greatly increased the size of the army and enhanced its equipment. American-made helicopters have been purchased from companies in Singapore and converted into gunships. Fixed-wing aircraft have been bought from Italy and also armed.

Diplomats say Sri Lanka also has bought aircraft, armed vehicles and navy patrol boats from Britain, South Africa and Israel. Pakistan has helped supply field artillery, guns, rocket-propelled grenades, uniforms and military training.

Retired British security personnel on private contracts also are helping in the training.



Protesters attacking the Wackersdorf fence.

West German Protest at Nuclear Site

United Press International

WACKERSDORF, West Germany — The police used water cannons loaded with tear gas Monday to keep demonstrators from storming the construction site of West Germany's first nuclear recycling plant.

The police said that one demonstrator had died after an asthma attack.

A police spokesman denied that the death was connected with the use of tear gas. Red Cross officials said that 72 protesters had to be treated for irritations caused by tear gas.

The police spokesman said 114 persons were arrested. The arrests raised to 394 those taken into custody since Saturday at the construction site.

About 3,000 policemen backed by 40 water cannons guarded the site during the biggest rally of a four-day series of Easter demonstrations throughout West Germany.

The rally was sponsored by the opposition Social Democrats, the Greens party and labor unions.

The demonstrators were called to protest the planned U.S. space-based missile defense program, the deployment of U.S. nuclear missiles, and against West German nuclear power plants.

Organizers said that about 200,000 people took part in protests in about 150 cities and towns.

WORLD BRIEFS

44 Die in Plane Crash in Mozambique

MAPUTO, Mozambique (Reuters) — Mozambique announced Monday that one of its transport planes crashed in the northern province of Cabo Delgado, killing 44 persons, including the wife of the nation's defense minister.

A statement issued by the political bureau of the ruling Frelimo party said that the Antonov-26 aircraft crashed Sunday shortly after taking off from the coastal town of Pemba, about 150 miles (250 kilometers) south of the Tanzanian border. Only five persons survived and all were in serious condition, it added.

The minister's wife, Maria Chipande, was a founder of the Frelimo independence movement in 1962. Her husband, Alberto Chipande, was credited with firing the first shot in the guerrilla war against Portuguese colonial rule, was re-assigned to full-time duties as defense minister on Friday.

Soviet Warns Pakistan on Afghan War

MOSCOW (UPI) — The Soviet Union warned Pakistan on Monday that it could suffer "disastrous" consequences if the United States stepped the Afghan war by giving rebels new anti-aircraft missiles.

The U.S. administration is intensifying its policy of breeding regional conflicts and blocking peaceful settlement in the trouble spots of the world, Tass said.

The attack on the United States was prompted by reports that the Reagan administration had agreed to supply Stinger missiles to the Afghan rebels in April and was expected to take a similar step for the Afghan rebels. The rebels, operating from their bases in Pakistan, have appealed repeatedly for modern anti-aircraft missiles to counter the increasing Soviet reliance on helicopters as troop transports and gunships.

Stalin's Daughter Wants to Leave Soviet

MOSCOW (Reuters) — Svetlana Alliluyeva, the daughter of Joseph Stalin who defected to the West and then returned to the Soviet Union in 1946, is again trying to leave the Soviet Union, it was learned.

Her daughter to an English school, Soviet journalist said Monday.

Mr. Louis, who often acts as a source for official information, said he understood Miss Alliluyeva's 14-year-old daughter Olga, whose father is American, could leave. But he thought Miss Alliluyeva's chances were doubtful.

Mr. Louis said she had left the southern republic of Georgia, where she had been living since her return, and was in Moscow trying to get permission from the Soviet authorities to go to the United States. On Saturday, the U.S. State Department said Miss Alliluyeva, 58, who returned after 17 years in the West in November 1964, had met consular officials to discuss her case.

Svetlana Alliluyeva

Uganda Leader Urges Reconciliation

KAMPALA (Reuters) — President Yoweri Museveni has announced the end of years of civil war in Uganda and has proclaimed national reconciliation to be the basis of the new government.

His statement followed the capture last week by his National Resistance Army of the northwestern town of Arua, the last major outpost in the hands of soldiers loyal to the deposed head of state, General Tito Okello.

Radio Uganda quoted President Museveni as telling senior government officials and religious leaders that with the end of the "liberation war to restore peace and democracy in the country after five years of struggle," reconciliation must begin.

Brush Fires Rage in Many U.S. States

NEW YORK (AP) — A firefighter has died while battling an Ohio brush fire, and crews were headed to Kentucky from Arizona and New Mexico on Monday to help battle forest fires over thousands of acres. First aid continued in areas of brush fires in Ohio and Tennessee.

In Ohio, a volunteer firefighter died Sunday, apparently of a heart attack, while fighting a brush fire in the town of Londonderry. In Tennessee, fires burned more than 3,500 acres (about 1,400 hectares) Saturday, officials said. Most of the fires have been attributed to arson. A Tennessee Forestry spokesman said.

The Kentucky Division of Forestry reported 89 forest fires Friday, mostly in the eastern part of the state. Alabama officials reported 86 fires over 2,888 acres, and said that 37 counties were under fire alert.

20,000 Attend South Africa Funeral

JOHANNESBURG (AP) — An estimated 20,000 blacks attended a memorial service Monday for Moses Mabhida, a black nationalist and Communist Party leader who died in exile.

The service was held in a soccer stadium in Zweli, a black township outside the city of Port Elizabeth on the Indian Ocean. Security forces were deployed near the stadium, but did not interfere.

Mr. Mabhida, who was burned with military honors Saturday in Maputo, Mozambique, was general secretary of the South African Communist Party and a member of the executive committee of the outlawed African National Congress guerrilla movement. He died in Maputo on March 8 at the age of 62 after living in exile for 25 years.

For the Record

Prime Minister Simon Peres left Israel on Monday for a four-day trip to the United States to continue his campaign for a large-scale Middle East economic aid program. (AP)

Israeli troops killed a Palestinian youth in the Gaza Strip on Monday and wounded another on the West Bank in violence following Land Day observances Sunday. The day commemorates the deaths of six Arabs killed 10 years ago in protests over land seizures by Israel. (Reuters)

Flight attendants for Eastern Airlines have approved a proposed contract agreement but a dispute remains over whether the working of the proposal was changed, a union official said Monday. Each side has charged the other with altering the wording of the agreement, which was submitted to a vote before being signed Feb. 28. (AP)

Nicaragua Urges An Outside Force To Patrol Border

New York Times Service

MANAGUA — Nicaragua has proposed the creation of a multinational force to patrol its border with Honduras. Nicaragua troops recently attacked several rebel bases, apparently in Honduran territory.

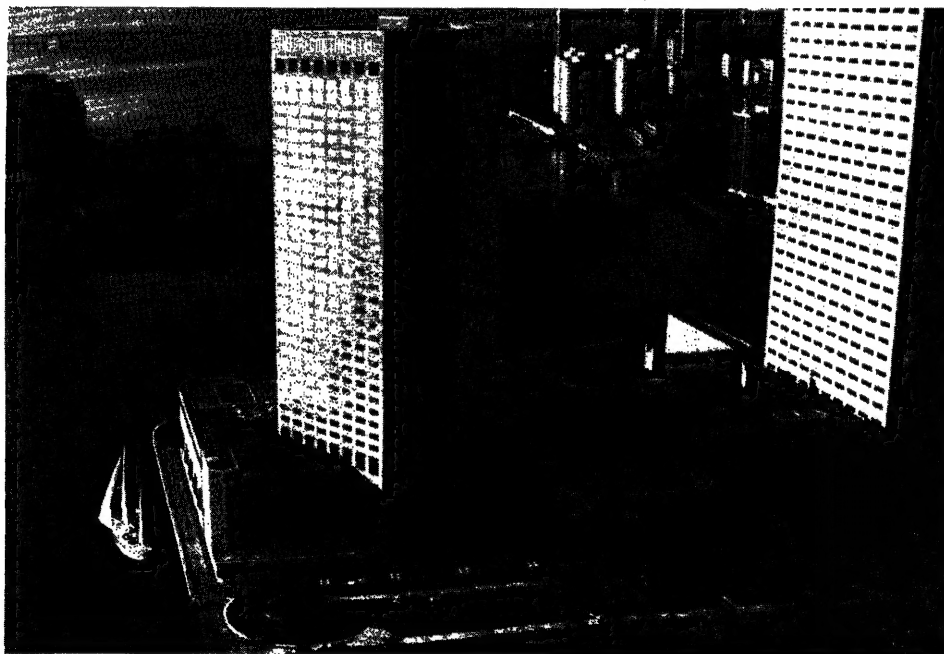
President Daniel Ortega Saverio said that his government was asking eight Latin American nations to consider creating "a force of supervision and control" to patrol the Nicaragua-Honduras border. The force would be charged with seeing that no one crossed the border without passing through immigration formalities.

Such a force, if effective, could help the rebels by making it impossible for them to escape to Honduras after attacking inside Nicaragua. "It would certainly help pacify the border situation," Mr. Ortega said Friday.

A Nicaraguan proposal to create a force that would patrol its southern border with Costa Rica has made headway.

Last week, Foreign Minister of Nicaragua said, Nicaragua appealed to the four nations of the Central American group, Mexico, Panama, Colombia and Venezuela, to draw up a plan for such a force. The Contadora group has been seeking a formula for peace in Central America.

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USA PLUS

By Wm. H. ...

What a foolish and self-debasing the Western world is on its way to my temporary discomfort.

A barrel of oil, which presently sells for a third of that. If the years of inflation, will appreciate of the days before the shale came with his magnificent idea of the world's economic power lie West to OPEC. So the West is ing on its return to the West.

To the stock market, the question "How high is high?" and "How low?" That answer makes sense: Cheapening the hold-down on inflation, purchasing enables central banks to cut rates and booms America's business. America's executives take themselves seriously because the barrel drop saves them the \$1 billion a year in financing debt. They spin up on their circle, generating expansion without borrowing, no longer ing to borrow to buy back the depressed stock, causing the make money.

America's geopoliticians are the loss in hard currency to the U.S. from largest exporter of oil to the U.S. hawks in Washington delight in anger building in the Warsaw Pact. The Russians force their clients to pay double the world price for oil.

America's consumers are deluding fools of all are splashing about in what they call world war in oil. They are cars and abandoning all concern for heat as low prices cause oil exploration to stop and oil embargo on imports to increase.

Enjoy your little noose. Western friends. Revd is not less irreducibly, present values that the oil.

I have a much greater desire at the moment than gaining OPEC production and its prices. On the contrary, we want to produce and produce low price bankrupts line.

My order from the rest could not be more clear: let the Persian menace a n: overriding threat to the 4th United Nations' fundamental interpretation is consistent with Iran's war, be fall and the kingdom will.

With our very sincere

are willing to suffer the
prices because we know
Iraq's war machine is
money into Iraq and is us-
ing of money to Iraq's
Of course, I am aware of
benefits of our expansion
our pulling down of cost.
In preparing market
what I want is the new
Britain to learn to use
OPEC. And I am driving
and strategic compromise
alternative sources that
great cost, they will not
financing to trouble us
when prices are again as
When will the Arab
and I estimate in the next

ward pressure could begin to force him to ally itself with Communism, and if Moscow did, the United States would be in a very bad position. President Reagan said that during his recent talks with Soviet leaders on the Gulf.

One possibility was that the United States would be required to open its oil fields to foreign gas and oil companies, and that the American oil industry would be in a very bad position to work.

For a moment it appeared that the United States would be in a very bad position to work.

[illegible]

...to the region. "What
wonder there is the reason for
stance of more than 500
protestors" in December
Ayatollah Ruhollah Ab
condemned by the United
General Assembly for the
rights violations. The UN
affirmed by the UN High
Commissioner on Human
Rights Mr. Manfred
Ayatollah Khomeini
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III

New Hero
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re Deaths

Drug Enforcement Admin.

It is blamed for coming

down on the low price of

the drug.

Sells in some areas

for as much as \$100 a

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It is a very serious

problem.

Law.

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Lange Urges U.S. to Discuss
Ways to Resolve Policy Dispute

By Michael Richardson

SINGAPORE—On the eve of

a Pacific tour by Defense Secretary

Casper W. Weinberger, the

United States has formed a misper-

ception about its strategic inter-

ests in the Pacific, Mr. Lange

said in a telephone interview

from his home in New Zealand.

Mr. Lange said the U.S. mis-

takes the ANZUS alliance as a

defensive obligation to New Zealand,

rather than as a mutual defense

pact. He said the U.S. also mis-

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government that if it became law

would terminate its

defense obligation to New Zealand.

Mr. Lange's government, elected

in July 1984 on an anti-nuclear

platform, rejected a request from

the United States to allow the

U.S. Navy to use New Zealand

as a refueling station for its

Navy destroyers in February

1985.

Wellington wanted an assurance

that the ship was not carrying

nuclear weapons.

Under the legislation, the prime

minister may only grant approval

for entry by foreign warships into

New Zealand waters if he is satis-

fied that they will not be carrying

any nuclear explosive device.

The U.S. argues that if the AN-

ZUS pact is to remain strong and

an integral part of the Western al-

liance, its members must have

recognition of the right to use

nuclear weapons.

Mr. Lange maintains that New

Zealand has never been part of the

system of Western nuclear deter-

rence. In a speech last year, he said

that "the U.S. has a very simple

one. It's for the U.S. to realize that

our legislation does not require them

to breach their nuclear-confirmed-

policy, and then to come without

nuclear weapons."

He said the United States would

not be required to disclose whether

nuclear arms were aboard.

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one. It's for the U.S. to realize that

"unlike NATO, the ANZUS al-

liance has the past been aligned

by the treaty partners as a conven-

tional alliance, not a nuclear al-

liance."

Asked Sunday whether he saw

scope for a settlement of the

dispute with the United States

over New Zealand's ANZUS obli-

gations that would protect the nu-

clear concerns of both parties, Mr.

Lange replied:

"Yes, it's a very simple one. It's

for the U.S. to realize that our

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Under the legislation, the prime

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for entry by foreign warships into

New Zealand waters if he is satis-

fied that they will not be carrying

any nuclear explosive device.

The U.S. argues that if the AN-

ZUS pact is to remain strong and

an integral part of the Western al-

liance, its members must have

recognition of the right to use

nuclear weapons.

Mr. Lange maintains that New

Zealand has never been part of the

system of Western nuclear deter-

rence. In a speech last year, he said

that "the U.S. has a very simple

one. It's for the U.S. to realize that

our legislation does not require them

to breach their nuclear-confirmed-

policy, and then to come without

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Casper W. Weinberger

He said the U.S. mis-

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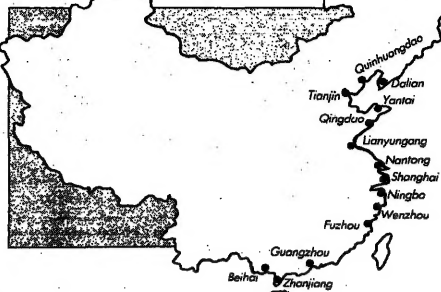
China's OPEN CITIES

The selected regions that China has recently opened to foreign trade are a crucial step in the country's move to modernize its industrial base and trading patterns. They are providing a remarkable opportunity for businesses to link up with this dynamic economy.

New policies have placed major emphasis on 14 important coastal cities and Hainan Island as entry ports for foreign investment. These "open cities," as they are called, offer a reduced corporate-tax rate and permit the importation of equipment and building materials, tax-free, if the enterprise produces high-technology goods or has an investment of over \$30 million. Additional incentives are available depending on local conditions.

Since 1983, the open cities that have been singled out for increased attention by the national authorities are Dalian, Tianjin, Qingdao, Shanghai and Guangzhou. These areas are being encouraged to step up overseas negotiations since they are relatively advanced in their transportation and communications resources.

Each of the 14 coastal cities and Hainan Island has a long history of overseas trade, and each has shown itself increasingly receptive to trade and investment negotiations with overseas companies.



Over the past twelve months the pace of negotiations on trade and investment projects in China has been advancing rapidly. Prospective investors and trading partners are conducting discussions in a very business-like fashion. A growing number of Chinese executives now involved in trade and investment talks have some recent business experience in Europe, the United States or Asia, which is proving helpful to parties on both sides of the negotiations.

Chinese Arts and Crafts Attract A Wide Audience

Representing the best in the centuries-old tradition of fine workmanship from Chinese craftsmen, traditional arts handicrafts from Fujian province enjoy as high a regard among the Chinese people as they do in foreign countries. For more than 30 years, Fujian Arts & Crafts, a branch of the China National Arts & Crafts Import & Export Corporation, has been dealing in products of fine workmanship. Arguably, none is better known than bodiless lacquer ware,

one of China's three traditional arts.

Almost as famous, however, are cork pictures from Fujian province, not to mention Shoushan stone carvings and seals. The cork pictures are, in fact, sculptured scenes skillfully carved from the bark of oak trees. The stone carvings and seals available from Fujian Arts & Crafts include products crafted from Yellow Tian, China's famous "King of Stone."



The variety of handicraft products available in Fujian does not stop there. Jewelry, precious stones, porcelain, silk pictures, silk flowers, fans and screens, and bamboo, fern and straw products are all available from Fujian Arts & Crafts.

Decorative fans. The history of fan making in China dates back thousands of years. Painted fans, painstakingly produced by the country's most famous artists, traditionally have been a

(Continued on Page 10)

China Sets Its Sights on Global Textile Markets



jin province. For cashmere, along with wool, rabbit fur and camel's hair, are principal commodities in a wide range of products exported by the Tianjin branch of the China National Native Produce & Animal By-products Import & Export Corp.

According to Tianjin branch officials, their corporation, which had its beginnings back in 1951, is one of the largest government-owned trading concerns in China. It has been trading under its present name since 1978, before which it was known as the China Animal By-products Import & Export Corporation.

The change of name went hand in hand with a broadening of the corporation's base of operations. Today, aside from raw animal by-products, the corporation does good business in finished products of animal origin. In this field, the Tianjin branch handles a wide variety of leather goods, such as shoes, cases and bags, note clips, gloves and garments.

Increasing amounts of Chinese goods are being exported worldwide.

After years of isolation, Chinese manufacturers are coming out of their cocoons. They are now seeking to do business in an international market and to export Chinese goods worldwide.

The Guangdong branch of the China National Textiles Import & Export Corporation has for many years made an important contribution to China's overall textiles manufacturing and exporting effort. Because of its proximity to Hong Kong, its managerial staff can claim long experience in responding to the requirements of foreign buyers.

"We have been importing and exporting textiles for more than 30 years. With good credit and plentiful supplies, we have established good business relations with traders worldwide," says one official. "Processing with materials supplied by buyers or with imported materials, imports of textiles and capital equipment, joint ventures, commission sales and sole agency arrangements all fall within the scope of our business."

The Guangdong branch, indeed, handles a formidable array of textile products, whether they be made-up garments and other articles, or raw fabric and yarn.

Among these, woolen apparel (blended with acrylic fiber) marketed around the world under the Plum Blossom label ranks among the Guangdong branch's best-selling lines.

The Guangdong branch is receiving enthusiastic support from consumers both at home and abroad for the excellent quality of its products and their fine, durable texture. In styling, too, Plum Blossom wool-acrylic garments are receiving a strong market response, with consumers praising the patterns, bright colors and finish.

Plum Blossom garments are available in a wide range, including outfits for children and babies and cardigans and pullovers for men and women.

Cashmere and camel's hair. If a shopper in a Paris department store purchases a

cashmere sweater, chances are that some of the raw material originated in Tian-

Straw Hats For Everyone!

For those who know the special texture and comfort of a stylish straw hat, the China National Arts & Crafts Import & Export Corporation's Fujian Branch has created over 200 different straw hats.

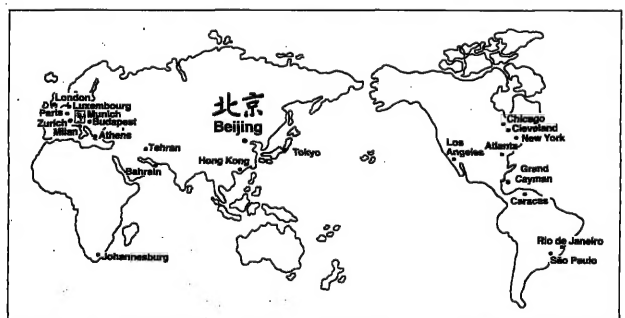


There are plain hats and bold hats; hats for both sexes in many different colors and patterns. For a colorful catalogue and price list contact the Fujian Branch of the China National Arts & Crafts Import & Export Corporation, when you see their range, you'll be sure to take your hat off to them.

China National Arts & Crafts Import & Export Corporation, Fujian Branch, Foreign Trade Building, Dong Street, Fuzhou, China. Cable: "ARTSCRAFT" Fuzhou. Tel.: 32713 52719. Telex: 92104 ARTCR CN.

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Telephone 500 22 33

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Bayerische Vereinsbank AG
International Division
Kardinal-Faulhaber-Strasse 1
D-8000 München 2
Telephone (089) 232-5082
Telex 52 108-0 bvm
SWIFT: BVBE DE MM



BAYERISCHE VEREINSBANK
AKTIENGESELLSCHAFT

China's OPEN CITIES



While working as a major trade center, Tianjin maintains a tranquil beauty. Here, a nine-bay bridge and water-side pavilion in the traditional Yajiang Garden.

ARTS AND CRAFTS

(Continued from Page 1)
part of the wardrobe of every person of stature.

Today, Chinese fans are produced with the same attention to detail. One of the most notable production centers is the Jieshi fan factory in Guangdong province, where the tradition of hand craftsmanship lives on in a modern environment.

The idea for rigid fans came from a Hong Kong buyer, who perceived a ready market for these products and turned to Jieshi for the craftsmanship necessary to turn simple bamboo and cotton cloth into items that would sell in New York and London.

With its abundant supplies of raw materials and new style of economic policy, China has substantial growth potential.

The factory specializes in ornamental fans with bamboo frames and cotton surfaces, but unlike the traditional types, the Jieshi fans do not collapse. Designed to hang as wall decorations, their frames are rigid. They are hand-painted with scenes and poems from Chinese history and animals of Chinese legend.

Like so many other Chinese factories, Jieshi is able to draw upon a reservoir of inexpensive skilled labor and an unlimited supply of raw materials. This combination allows the factory to design

and manufacture by hand products that would be next to impossible to produce at the same cost elsewhere.

Jieshi fans are available in a wide variety of sizes and shapes, and can be custom-made to suit a buyer's particular requirements.

Branch, which has its headquarters in Guangzhou. Here the managers are very flexible when it comes to allowing foreign buyers to determine the nature of the hundreds of different types of products at their disposal.

Silk flowers and bamboo. Exquisite flowers fashioned from silk, plastic or polyester have long been one of the mainstays of the Guangdong branch of the China National Arts & Crafts Import & Export Corporation. Today the province is China's biggest manufacturer of artificial flowers. Its skilled craftspeople are able to draw inspiration from the natural abundance of a warm subtropical climate.

Artificial flowers from Guangdong have found their way into homes from Sydney to San Francisco, and are as much a part of the province's heritage as furniture and other household items manufactured from rattan and bamboo.

Bamboo, in particular, has a special place in Chinese folklore; it is held to embody the qualities of a true gentleman: simplicity and uprightness. At the Guangdong branch of the corporation, buyers will be able to find an impressive variety of bamboo household articles noted for their elegance, meticulous craftsmanship and artistic styling.

For its part, rattan furniture has long been sought after for its durability and suitability for household furnishing in tropical countries.

While the Guangdong branch is also noted worldwide for its variety of seagrass and colored-seaweed

products, not all of the lines it handles are fashioned from traditional natural materials. Rubber-wood, which has been specially treated to maintain its shape, is now

being used extensively in the manufacture of furniture.

Folding chairs are the principal line. Available in natural, white or nut-brown, and thoroughly finished —

in the case of natural wood, polished — the chairs are ideal for both indoor and outdoor use.

The managers of the Guangdong branch do not

confine their customers to the branch's own designs. It can manufacture to supplied specifications and use supplied materials, according to one of the branch's officials.



Chinese textiles are available in an increasingly versatile range of products. Above, production of fish nets in Fujian province.

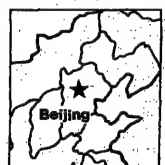
Bayerische Vereinsbank Moves In

The Bayerische Vereinsbank AG has become the fourth German bank to open a representative office in Beijing. This is the bank's third base in the Far East, along with Tokyo and Hong Kong. The Beijing office is headed by Walter Tietjens, who has acquired a knowledge of Asian business during many years in the bank's Munich headquarters and in its Tokyo branch.

Last year, German exports to China totaled 6.4 billion Deutsche marks (now worth about \$2.8 bil-

lion), more than twice the level reached in 1984. This reflects the increasing liberalization of the Chinese economy as well as the growing interest of German firms in the Chinese market, which was clearly shown by the active exhibition in Qingdao last October.

The Bayerische Vereinsbank is responding to these developments with its move into China, to provide comprehensive services and advice on the spot for its company clients that are active there. In addition, the bank



Bayerische Vereinsbank's new Beijing office reflects a growing global interest in the Chinese market.

will also be able to give the benefit of its experience to companies interested in entering the Chinese market. The representative office is

able as well to provide help in making contact and in dealing with foreign trade organizations about imports, as well as to handle a wide range of other logistical and organizational matters.

The Bayerische Vereinsbank expects that its China office will promote business opportunities with the People's Republic in capital-market, investment, credit and commercial activities.

The Beijing representative office is located in the Jianguo Hotel, Jianguomenwai Dajie.

DELICIOUS "NARCISSUS" CANNED MUSHROOMS

Discover how tender and delicious mushrooms can be! Contact us today for full specifications, we will be proud to send you full specifications for our "Narcissus" mushrooms.

We look forward to doing business with you.



China National Cereals, Oil & Foodstuffs Import & Export Corporation, Fujian Branch, 10-11/F, Foreign Trade Central Bldg., Wusi Road, Fuzhou, China. Tel: 53815 56220 Cable: "FOODCO" Fuzhou Telex: 92105 FOODS CN

Amoy Office: Add: Foreign Trade Building, Amoy. Cable: "AMOFPOODCO" Amoy Telex: 92403 FTCCF CN

NEW FASHIONS IN LEATHER

The high quality leather accessories exported from Tianjin are now available in even more attractive, up to date designs and styles.

There are high-fashion hand-bags, purses, cosmetic bags, travelling bags, executive brief cases, and key-holders.

Many of these products are available in ox-hide, sheepskin or goatskin and the prices are surprisingly low for the high quality of the workmanship and design.

China National Native Produce & Animal By-Products Imp. & Exp. Corp., Tianjin Animal By-Products Branch, 66, Yantai Street, Tianjin. Cable: "BYPRODUCTS" TIANJIN Telex: 23131, TIBYP CN



Good-looking Genuine Leather.

Orders for fashionable ready-made or custom-made leather-wear are welcome.

China National Native Produce And Animal By-Products Import & Export Corporation, Guangdong Animal By-Products Branch, No. 48, Shamin Nanjie, Guangzhou, China. Tel: 84155 Cable: "BYPRODUCTS" Code "ACME" Telex: 44373 KABB CN

INTRODUCING MEI KUEI LU CHIEW (ROSE LIQUEUR)

Chinese cuisine delights millions of people around the world yet so far the wines and spirits of China have remained largely unknown outside their own country.

Among the surprising range of different Chinese beverages is Rose-dew Liqueur, a fragrant full-bodied liqueur from Tianjin in China. Rose-dew Liqueur has a long and distinguished history inside China, and it has even won a gold medal for quality at a wine exhibition in Spain.

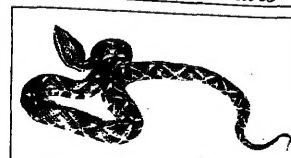
Its fragrant, full bouquet and appealing distinctive flavour will complement almost any fine meal.

For more information, China National Cereals, Oil & Foodstuffs Import & Export Corporation, Tianjin (Lushan Road), 15th, 16th Floor, Wusi Road, Fuzhou, China. Cable Address: TIANJIN TEL: 53815 Telex: 92105 FOODS CN

TF

中国粮油食品进出口公司天津分公司
CHINA NATIONAL CEREALS OIL & FOODSTUFFS IMPORT & EXPORT CORPORATION
TIANJIN BRANCH OFFICE

Snake Derivatives



The China National Medicines & Health Products Import & Export Corporation, Fujian Branch invites trade enquiries for Lyophilized Venom derived from the snakes native to China. Other snake by-products are also available.

For more information contact: China National Medicines & Health Products Import & Export Corporation, Fujian Branch, 9th Floor, Foreign Trade Center Building, Fuzhou, China. Tel: 51249 Telex: 92102 CHEMI CN Cable: MEHECO Fuzhou Attn: Huang Shen-Feng

"Ph Woollen



China National Textiles Import & Export Corporation, Guangdong Branch, 10-11/F, Foreign Trade Central Bldg., Wusi Road, Fuzhou, China. Tel: 53815 Telex: 92105 FOODS CN

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Ready For Business

A Myriad of Exports For Sale

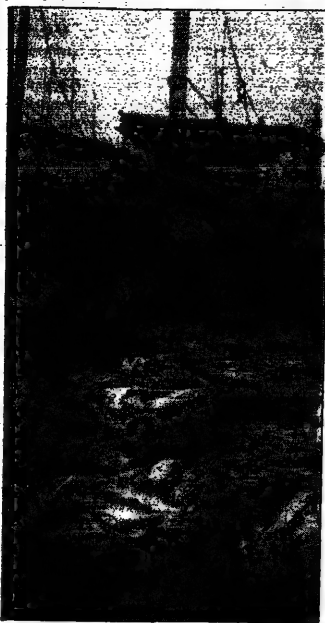
As China seeks to increase its worldwide exports, the sheer variety of Chinese products is making itself known. Be it foodstuffs, pharmaceuticals, animal by-products or household items, China offers a plethora of goods. In courting the global market, both the diversity and the flexibility of China's exports are strong advantages.

For example, air mattresses manufactured in Tianjin province and exported under the Gold Cup label are meeting a burgeoning demand in Western countries. Available in single or double models in no fewer than a dozen different versions, they are winning an enviable market share in sporting-goods stores around the world.

Handled by Tianjin Stationery & Sporting Goods, a branch of the China National Light Industry Import & Export Corporation, Gold Cup air mattresses are made from a mixture of colorful cotton and synthetic fibers. While their styling is attractive, their durability is fast becoming their hallmark. Under tests, the Gold Cup line of products must be able to withstand rigorous internal pressure under laboratory conditions. This, according to Tianjin Stationery & Sporting Goods officials, virtually guarantees the airtight integrity of the mattresses under the rugged conditions of normal outdoor use.

Health products. The Fujian branch of the China National Medicines & Health Products Import & Export Corporation is one of the newest organizations of its type to be set up in China. Established in 1984 in the provincial capital, Fuzhou, the branch has been rapidly building its business in pharmaceuticals and pharmaceutical preparations, chemical intermediates, chemical reagents, medical apparatus, biochemical pharmaceuticals and bio-preparations, medicinal herbs, parent medicines, medicinal wines and health-food products.

Like their counterparts in other provinces and in other fields, the branch's managers are anxious to do business with foreign con-



Fresh fish is an important ingredient in a wide range of food exports from China.

cerns under material-processing and compensation-trade arrangements.

Of particular interest among the Fujian branch's range of parent medicines is Injicito Homoharringtonin, a new antitumor remedy.

Wide range of food exports. Additionally, Fujian province ranks among the most important in China when it comes to the canning of food. Canned bamboo shoots, asparagus and mushrooms, as well as such exotic fruits as lychees and

bean paste, and stewed pork — all of which are prepared according to traditional Fujian recipes.

A wide variety of other food items originate in the province. Double lantern candies, peanut cake, and egg rolls enjoy strong market support, as well as soy, noodles, white rice cake and various types of rice wine.

In the past decade, the Fujian branch of the China National Cereals, Oils and Foodstuffs Import and Export Corporation, which co-



Fish production, Fujian province. Above, a telegrapher at work aboard a motorized sailboat.

ordinates the processing and marketing of food from the province, also has been rapidly developing the country's frozen food industry.

Today, a wide variety of quick-frozen vegetables from Fujian are meeting strong demand in foreign

markets. And to meet the demand for fast foods, the branch has recently moved into production of quick-frozen spring rolls, fish balls, red bean buns and vegetable buns.

Diversification. In order to efficiently handle trad-

ing in the wide range of products under the control of the Fujian branch of the China National Native Products & Animal By-products Import & Export Corporation, the organization has been split into four divisions.

The first of these divi-

sions has as its main areas of product interest gum resin, gum turpentine, citronella oil, camphor powder, jute bags and woven polybags.

Dried fruits and vegetables, mushrooms, lotus seeds and dried chilies are the province of the second division, while the third handles a variety of forestry products as well as foil paper, incense, candles, flowers, fish products and poultry. The fourth division deals in rabbit fur, feathers, leather garments, fur garments, foodstuffs and down products, including garments, sleeping bags, blankets and pillows.

In business for more than 30 years, the Fujian branch can now boast strong trading relationships in more than 100 countries.

Foreign involvement.

Under China's Four Modernizations policy, participation with foreign corporations is being sought in a wide variety of fields of endeavor across the country. The Tianjin Foodstuff Branch of the China National Cereals, Oils & Foodstuffs Import & Export Corporation is no exception.

The branch's managers are actively seeking foreign involvement in their activities, whether it be joint ventures, cooperative or agency arrangements, or the processing of materials. Part of a state-owned corporation fully authorized to deal directly with foreign concerns, the branch's specialties are dried and fresh fruits, aquatic products, frozen meat and dried and fresh vegetables. Quick-frozen foods, canned goods, confectionery items, condiments, wines and spirits, and other beverages are also important in the day-to-day business of the branch.

Under China's Four Modernizations policy, participation with foreign corporations is being sought in a wide variety of fields.

longans, are enjoying continuing strong demand both at home and abroad.

The province's canned food lines, marketed under the Naxian label, also include such regional specialties as pork leg with mushrooms, pork mince with

ordinates the processing and marketing of food from the province, also has been rapidly developing the country's frozen food industry.

Today, a wide variety of quick-frozen vegetables from Fujian are meeting strong demand in foreign

"Plum Blossom" Woolen Acrylic Garment.



Name for a flower which is held in high esteem in China, "Plum Blossom" garments combine the best qualities of wool and acrylic fibres in an exciting range of styles and fashion colours.

The China National Textiles Import & Export Corporation brings more than thirty years' experience to its import and export service for overseas clients involving many different materials including cotton. In addition to producing its own garments the corporation processes materials supplied by buyers or imported materials specified by clients. The corporation imports textile materials and equipment and engages in joint ventures and commission sales.

In fact, for any aspect of textile manufacture or trading, you can consult the China National Textiles Import & Export Corporation, Guangzhou Branch.

China National Textiles Import & Export Corporation, Guangzhou Branch.
63 Wen Ming Road, Guangzhou, China.
Tel.: 331750
Cable: CANTEX GUANGZHOU
Telex: 44371 KITECH CN



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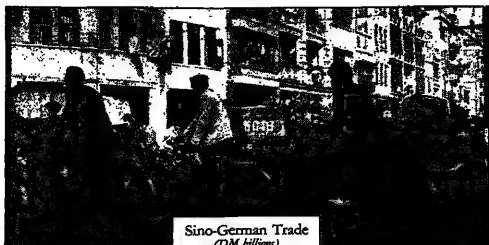
Head Office Düsseldorf

“喂，这是西德银行驻北京代办处”。

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China's OPEN CITIES

Germany Leaps Into China Trade



West Germany is China's biggest trading partner in Europe, and the fourth-largest in the world behind Japan, Hong Kong and the United States. In 1985, Germany accounted for 3 percent of China's foreign trade volume. For its part, China last year was one of Germany's most significant trading partners in Asia, second only to Japan.

Since 1978, when the country first opened its doors to the West, trade has been developing very favor-

Sino-German Trade (DM billions)

	German Imports	German Exports	Germany's Net Exports to China
1977	0.7	1.3	0.5
1978	0.7	2.0	1.3
1979	1.0	2.7	1.7
1980	1.5	2.1	0.6
1981	1.7	2.5	0.8
1982	1.7	2.1	0.4
1983	2.0	2.8	0.8
1984	2.4	3.0	0.6
1985	2.5	6.4	3.9

ably. Bilateral trading volume approached a level of 9 billion Deutsche marks (\$3.9 billion) last year, more than quadrupling the 1977 figure.

Agricultural produce and

new materials, which previously dominated Germany's shopping list in China, now only account for one-third of German imports. Finished goods, especially textiles (32 percent) and other consumer commodities, are moving to the fore instead. Chinese demand for German products centers on capital goods, and in 1984 they made up one-quarter of German exports to China. The Federal Republic therefore carries a good deal of clout when it comes to Chinese plant and

Composition of Sino-German Trade in 1984 (Percentage share of overall figure)

German Imports	German Exports
Textiles and leather..... 31.9	Machinery, rolling mills..... 26.3
Foodstuffs..... 19.8	Chemical products..... 21.5
Raw materials..... 13.1	Steel pipes..... 12.5
Chemical and pharmaceutical products..... 7.8	Electrically engineered products..... 7.4
	Motor vehicles..... 4.9

equipment imports. German sales of chemical and pharmaceutical products are also important, with a 20 percent share in 1984 of the former's total exports to China.

Bilateral relations are increasingly taking the form of industrial cooperation between German and Chinese companies. At the beginning of last year, there were over 400 cooperation agreements between the two countries, focusing on mechanical and electrical engineering and on the chemical industry.

The governments of both countries have laid important groundwork for the strengthening of mutual economic ties. The Cooperation Agreement of 1979 established the

Sino-German Mixed Commission on Development Policy and Cooperation. The committee, composed of delegates from both governments and representatives of their industrial, commercial and banking sectors, is charged with examining the economic ties at one- to two-year intervals, and discussing ways in which they might be extended. A bilateral investment-promotion agreement was signed in 1983, followed by a double-taxation convention two years later.

Beating in mind its abundant supplies of raw materials and new style of economic policy, China has substantial growth potential. Furthermore, wide-ranging invest-



Above: Aerial view of Tianjin. Right: Westdeutsche Landesbank's Klaus Schröder.

ment is planned for the future in order to exploit this potential to the full. This expenditure will help modernize industrial plants, utilize energy resources more efficiently and strengthen the existing infrastructure. The experience and know-how of the Western industrial countries in these areas make them good partners for such projects. China is tapping this know-how through both direct investment and the import of capital goods.

In view of its current expansion, China is now very much in demand as a business partner. Germany is well-placed in the competitive race, considering its strength in the high-technology sector, its liberal stance in regard to technology transfer and the good relations it has traditionally enjoyed with China.

As far as the Westdeutsche Landesbank is concerned, its close ties with the corporate sector based in North Rhine-Westphalia are of crucial significance. After all, 30 percent of German exports to China originate in North Rhine-Westphalia. As the central savings bank in



Above: Busy street scene, downtown Shanghai. Frank Pabst/Sinh Hous

this state, WestLB attaches particular importance to assisting small and medium-sized companies in their efforts to set up and handle business transactions with China.

WestLB will officially open a representative office in Beijing soon. The representative office will be at customers' disposal in the China-

business sector, in addition to offering the services already provided by WestLB's foreign departments based in Germany and by its branch in Hong Kong.

Wolfgang Schröder is General Manager, Westdeutsche Landesbank Hong Kong branch and Representative, Beijing.

A Fan-tastic Decorator Product



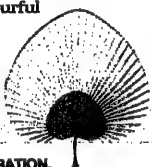
For most people, elaborate fans are part of China's history and rich cultural heritage. For generations, any person of importance in China was required to maintain and display a fine collection of elaborate fans in keeping with his or her station in society.

Today, one company in China is applying the traditional skills of fan-making in a novel way, to produce eye catching display pieces. The Jieshi Fan Company makes ornamental

fans with a rigid frame replacing the usual ribs which fold together.

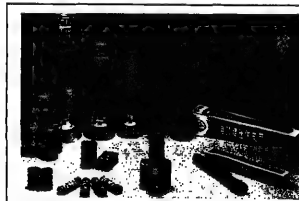
Demand for these fans has been almost overwhelming but the Jieshi factory is confident that it can meet the needs if overseas buyers from a wide and colourful range of stock items or custom-made products.

Export sales are in the capable hands of the Guangdong Native Products Import/Export Corporation in Guangzhou.



CHINA NATIONAL NATIVE PRODUCE & ANIMAL BY-PRODUCTS IMPORT & EXPORT CORPORATION, GUANGDONG NATIVE PRODUCE BRANCH. Add: 486 Liu Er San Road, Guangzhou, China. Telex: 44372 KTNB CN or 44246 KTNB CN. Cable: "PROCANTON" GUANGZHOU.

Guangzhou Light Industry — Two Handy Products From Guangzhou



Durable "SEAGULL" Flashlights

Choose from a range of tough metal flashlights in a variety of sizes, designs, and colours. SEAGULL Flashlights are built to give long service at home or at work.

CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS IMPORT & EXPORT CORPORATION, GUANGZHOU BRANCH. Address: 87 Changdi Road, Guangzhou, China. Cable: INDUSTRY Telex: 44378 LECKB CN

"Fang Yuan" Pocket Knives

For the handyman and those who work or play in the outdoors, Fang Yuan pocket knives come in 27 different shapes and sizes and blade options. Wholesale and retail enquiries are most welcome. Write to us or telex today for price lists and information.



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Stock Index

NYSE	1,318.14	Down 1.14
AMEX	100.00	Down 0.00
NASDAQ	1,000.00	Down 0.00
NYSE	1,318.14	Down 1.14
AMEX	100.00	Down 0.00
NASDAQ	1,000.00	Down 0.00

TUESDAY, APRIL 1, 1986

INTERNATIONAL STOCK MARKETS

Hong Kong Introduces A 'United-Front' Exchange

By DENHOLM BARNETSON

HONG KONG—Stock trading in Hong Kong will lose some of its glamour and freewheeling character with the merger Wednesday of the colony's four exchanges in a new computerized trading hall under strict rules. Directors of the new Stock Exchange of Hong Kong, nine years in the planning, hope it will end some of the confusion associated with having four exchanges that trade in many of the same stocks.

"We now have a united front for the securities industry," said Ronald L. chairman of the exchange. "We will have a better image as far as foreigners are concerned in that they will be dealing with one substantial body."

But the exchange has drawn protests from some listed companies who resent the new rules and smaller brokers who object to the expected loss of competition from banks, scheduled to become exchange members for the first time.

The oldest of the four current exchanges, the Hong Kong Stock Exchange, was founded in 1891. But the market discouraged outsiders, and in 1969 the Far East Exchange was founded, encouraged by growing local interest in securities. The Kowloon and the Kowloon exchanges opened in 1970 and 1972.

In 1973, the government began setting up of new stock markets and a few years later proposed the creation of a unified exchange.

Problems arose when it was agreed to allow banks as members and existing brokers protested, fearing the banks' greater assets and connections would give them too great an advantage.

TO GET around this, an agreement was reached under which bank-related brokers will operate under restrictions for 18 months, after which the situation will be reviewed. The restrictions forbid the banks from trading with each other and from matching buy-sell orders for their own clients.

The restrictions will "give the smaller brokers time to adjust to the new environment," said Derek Murphy, deputy commissioner of the Securities and Commodities Trading Commission, a government watchdog agency.

But many market analysts still believe some small brokers may be forced out of business.

"I think the number of brokers registered with the unified stock exchange is likely to come down within the next two years because some smaller brokers may not find it profitable to maintain a seat," said Larry Tam, research director for Sung Hung Kai Securities.

Mr. Tam, however, said the small brokers would not suffer because they would concentrate on a clientele of individuals for whom they provide personal advice.

Listed companies also have objected to the new rules, which

(Continued on Page 17, Col. 5)

U.S. Acts On EC Tariffs

Sets Restrictions In Retaliation

By David Hoffman

Washington Post Service

SANTA BARBARA, California

The Reagan administration announced Monday restrictions on imports of Spanish and Portuguese products in response to European Community restrictions imposed March 1 on imports from the United States.

The White House said the restrictions will go into effect "unless the community rescinds its illegal quotas and promptly provides compensation for its increased tariffs."

It said that high-level administration officials, including Secretary of State George P. Shultz, had attempted to roll back the EC trade restrictions without success.

The administration said that President Reagan would respond with equivalent quotas to those that were placed on the imports of wine and oil-seed products by Portugal.

Portugal has declared that at least 15.5 percent of its grain must be purchased from the European Community, which the United States said Monday was "illegal" under the General Agreement on Tariffs and Trade.

Spain imposed what U.S. officials said were tariffs of more than 100 percent on corn and soybeans.

If no action is taken by the EC by July 1, the administration said, it will impose comparable tariffs on Spain.

The restrictions by the EC were meant to ease the transition of Spain and Portugal into the community. They joined on Jan. 1. The United States had said the restrictions could affect up to \$1 billion in U.S. farm sales.

In another action directed at the EC, the administration said that the U.S. trade representative, Clayton K. Yeutter, had been instructed to make inquiries of the EC about a directive that would ban, effective next year, imports of certain products in conformity with strict new inspection requirements.

Miami: A Gateway for Europeans

Latin America's Proximity Helps Spark a Boom

By Nancy Beth Jackson

International Herald Tribune

MIAMI, Fla.

MIAMI, Fla.—Miami, a sales manager for the first U.S. subsidiary of Sica Vigneron, a French winery, chose South Florida several years ago as a springboard to the rest of the country and to the Caribbean. He has not been disappointed.

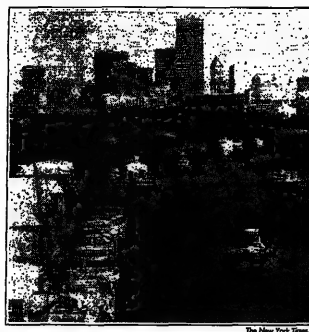
"There is a tremendous market—tons of restaurants and a lot of quality people," he said. "From here we will look for markets in Florida, Texas and California, the three big states. And from Miami, we have all those Caribbean islands."

For Mr. Kignall and other European entrepreneurs, Miami and South Florida offer common advantages. Proximity to the Caribbean Sea, a growing local market, convenient sea and air links, security for staff and investments and the Florida sunshine are proving as attractive to European businessmen as the resort temperatures.

Two as many as three years ago, established business such as L'Oréal, the French cosmetics maker, and EEC, a subsidiary of the French hydroelectric-plant manufacturer, opened offices because of easy access to Latin America and the United States. Others say South Florida is itself an attraction.

"The main reason is the growth of Florida itself," said Thierry Renard, the French trade commissioner in Miami. "In the last 10 years we have seen a state with tremendous growth and diversification from tourism and agriculture. It is the reason state in the U.S. for high technology in terms of number of jobs and number of firms."

Mr. Renard opened a 13-person trade bureau here last year when the French government transferred consular activities from New Orleans. Likewise, Britain, which closed its Miami consulate in 1975 to reduce costs, recently reopened it, primarily because of commerce. Britain is Florida's sixth-largest trading partner and wants to increase trade with the Caribbean and Latin America through Miami.



Miami, with the Miami River in the foreground.

American World Airways flies to fly Airbus Industrie jets, and supplying the only rabies vaccine available in the United States. Some companies such as L'Oréal, the French cosmetics maker, and EEC, a subsidiary of the French hydroelectric-plant manufacturer, opened offices because of easy access to Latin America and the United States. Others say South Florida is itself an attraction.

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Japan's Surplus In Trade Widens To \$3.94 Billion

Compiled by Our Staff From Dispatch

TOKYO—Japan's current-account surplus widened to almost \$4 billion in February, as the net gain from the merchandise trade, re-

mained large, the Finance Ministry announced Monday in a preliminary report.

The unadjusted surplus in the current account, which combines goods, services and some fees, rose to \$3.94 billion, compared with January's \$1.87 billion and \$2.53 billion a year earlier.

The current account for fiscal 1985, ending Monday, was expected to reach about \$55 billion, surpassing the government projection of \$51 billion, the ministry said.

The current-account surplus totaled \$48.17 billion in the first 11 months of the 1985 fiscal year.

February's surplus in merchandise trade alone totaled \$4.79 billion, on the strength of a 25.5-percent increase in exports to the United States and a 52.9-percent increase in shipments to the European Community. The February trade surplus compared with a \$2.35-billion surplus in January and a \$3.28-billion surplus in February 1985.

Exports in February rose 17.8 percent against \$15.054 billion, while imports gained 8.1 percent to \$10.27 billion.

The dollar value of Japanese exports has been rising in part because of the appreciation of the yen, which has risen more than 30 percent against the dollar since an agreement last September by the five leading industrial nations—Japan, the United States, France, Britain and West Germany—to drive down the value of the dollar.

The move was designed to devalue Japan's trade surplus and the U.S. trade deficit by making U.S. goods less expensive on international markets. But Japanese officials say the impact has been stalled in a "J-curve" effect and will not show up in trade statistics until late this year.

Japan's deficit in trade in non-merchandise items, such as services, shipping fees, insurance and income from investments abroad,

widened to \$658 million in February from January's \$391 million. The widening was attributed mainly to concentrated payments of interest on government bonds and patent fees.

The long-term capital balance was \$7.941 billion in deficit, the third-largest figure on record, as Japanese investors stepped up their purchases of stocks in the United States.

The deficit in the basic balance of payments, combining the flow of current trade in long-term capital, came to \$4 billion.

(APR. Reuters, UPI)

Tokyo Market Hits Record In Hectic Trading

Reuters

TOKYO—Prices on the Tokyo Stock Exchange leapt in hectic trading Monday to push the market average up 268.83 to a record 15,899.75, surpassing the previous high of 15,590.90 at Saturday's close. Volume was 12.5 billion shares, compared with 600 million shares in Saturday's half-day trade.

Brokers said large-capital shares led the market, bought heavily by institutional investors, who are expected to come into the market in even greater force on Tuesday with the official start of their new fiscal year.

Some brokers said those investors brought about low-price, large-capital shares partly because they would be relatively easy to sell. The market adjusted itself to the market in even greater force on Tuesday with the official start of their new fiscal year.

The broader-based Tokyo Stock Exchange index rose 25.85 to 1,265.95.

Currency Rates

Currency	Rate	Change
Australian dollar	0.74	Down 0.01
British pound	1.58	Down 0.01
Canadian dollar	0.71	Down 0.01
Deutsche mark	1.78	Down 0.01
French franc	6.55	Down 0.01
Italian lira	2036	Down 0.01
Japanese yen	163	Down 0.01
Netherlands guilder	3.60	Down 0.01
New Zealand dollar	0.48	Down 0.01
Portuguese escudo	200	Down 0.01
Spanish peseta	166.6	Down 0.01
Swiss franc	1.48	Down 0.01
West German mark	1.78	Down 0.01

Source: Reuters. Rates are for U.S. dollars. All rates are for 100 units of foreign currency. All rates are for 100 units of foreign currency. All rates are for 100 units of foreign currency.

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'D-Day' for Bank Rates Stirs Little U.S. Interest

By Nancy L. Ross

Washington Post Service

WASHINGTON, D.C.

WASHINGTON, D.C.—Tuesday, April 1, marks D-Day for the U.S. banking industry, the final assault on the deregulation of interest rates. But experts are predicting almost no reaction, not so far as rate war.

On Deregulation Day, statutory limits expire on the into the interest banks can pay on various types of accounts, as well as penalties set by law for premature withdrawal from certificates of deposit. This ends a period of rate regulation that began in the Great Depression for banks and in 1966 for savings institutions.

After Tuesday, the only remaining withdrawal penalty for individuals will be a 30-day "cooling-off" period for opening and closing accounts rapidly in quest of the highest rate. Individuals will have to forfeit several days' interest if money put into a

certificate of deposit is withdrawn within the first month.

The major exception to deregulation is the prohibition of interest-bearing checking, or NOW, accounts for commercial users. And commercial depositors still will be required to forfeit one month's interest on accounts with maturities between seven days and 18 months in the event of an early withdrawal.

D-Day itself is expected to be a movement because almost no banks or savings institutions plan to change rates or eliminate penalties, at least not immediately. For the moment, most institutions are concentrating on their fierce annual competition for Federal Reserve Reserve Accounts.

But when that battle ends at sundown on April 15, the deadline to open 1985 IRA accounts and the day income tax returns are due, a longer war of attrition could begin, some analysts said.

Robert Hickey, publisher of the Bank Rate Monitor, an industry newsletter, predicted that rate wars might occur if enough banks decide to try to lure customers from their competitors. American Bankers, another trade publication, reported last week that some banks had already begun in Connecticut, Pennsylvania, Illinois and California.

"Some small banks will be aggressive," predicted Arnie Daniels of Daniels & Associates, a Laurel, Maryland, consultant. "But consultants like me will advise 'big banks' not to move." He cited the example of interest rates on credit cards. While one Washington-area savings institution has worked hard to publicize its 14-percent rate, most banks continue to charge credit-card customers interest of at least 18 percent.

The 5.5-percent interest rate on regular federally insured savings accounts known as passbook accounts is the last barrier to fall under deregulation. Yet, because banks and thrifts still hold \$303 billion in 66 million such accounts, they will be extremely reluctant in a period of declining interest rates to pay more. Furthermore, bankers note, it is cheaper for banks to borrow from government banks than from depositors.

The banks also are counting on customer apathy. Recent declines in interest rates have sharply narrowed the gap between passbook accounts and other types of savings plans.

Another factor in any rate war could be the presence of money-center banks which are gradually expanding across state lines and away from large cities to compete directly with smaller institutions. Experts say these banks, which have a huge pool for funds and large advertising budgets to get them, could be very competitive.

Hiram Walker Agrees to Sell Spirits Business

By Nancy L. Ross

Washington Post Service

TORONTO

TORONTO—Hiram Walker & Sons Ltd. has entered into a definitive agreement to sell its distilled spirits business to a major international corporation for 2.6 billion Canadian dollars (\$2 billion), a Canadian press agency reported Monday.

The identity of the buyer will not be immediately disclosed, said a Hiram Walker spokesman quoted by the National News Agency. Walker later confirmed the proposed transaction in documents filed with the Toronto Stock Exchange.

Walker also said that Fingate Investments Corp., in which it and the unnamed purchaser of the distilled spirits business each have a minority voting interest, plan to buy up to 50 million Hiram Walker common shares at 40 dollars each.

Meanwhile, Gulf Canada Corp. raised the number of common shares it is seeking under its March 19 bid for control of Walker to 40 million shares from 26 million, the Toronto Stock Exchange said. The exchange said Gulf Canada will continue to bid for all Class D convertible preferred shares outstanding.

Gulf Canada originally offered 10 dollars a share, or 4 billion dollars, for 38 percent of Walker, which controls liquor, resource and utilities companies. Walker spurned the offer.

These Securities have not been registered for offer or sale in the United States of America. This announcement appears only as a matter of record.

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March, 1986

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To Our Readers

Beginning with today's edition, a new column—International Stock Markets—will appear every Tuesday on the first business page. This column will take an in-depth look at major world stock and debt markets. It will complement Wall Street Watch, the Thursday column that analyzes the U.S. stock markets. Meanwhile, the Futures and Options column will continue to appear each Tuesday, but on an inside Business/Finance section page. Today, it appears on Page 17.

Markets Closed

Financial markets were closed Monday in Australia, Western Europe and South Africa for holidays. Many Asian and Latin American markets were also closed. However, Tokyo and Singapore markets were open. A note on Page 14 explains how Europe's change to summer time affects publication of some North American articles and statistical data.

[illegible][illegible]

Europe Makes Miami Its Gateway to Latin America Hong Kong Consolidates Its Exchanges

FUTURES AND OPTIONS CFTC, Exchanges Closer on Auditing

(Continued from Page 13)

the city's reputation for drug trafficking, money laundering and other crime risks kept away foreign investors, although these factors have encouraged many Europeans to move their offices further up the coast to Fort Lauderdale, Boca Raton or West Palm Beach. One Swiss investor zeroed in on South Florida for his business ventures but installed his family just outside New York because he thought the cultural shock of Miami would be too much.

Tourism first attracted Europeans to the port of Miami, which is a drop in the bucket compared to the cruise ship industry. The Norwegian helped make Miami a center of cruise activity. Last year 2.5 million cruise passengers sailed out of Miami, more than from any other port in the world.

Because of improved and expanded container-berth facilities in the last few years, Miami has emerged dramatically as a so-called "transshipment" hub. Where once it was primarily an export center for

U.S.-made goods, the port's major business today is unloading European goods. Asian container ships and transferring the shipments to smaller vessels, which deliver the goods to Caribbean and Latin American ports.

New cargo business in Miami grew 45 percent between 1981 and 1984, according to port statistics. Five years ago, 70 percent of cargo activity was in exports; today, 60 percent is in imports, Mr. Lametta said. And last year, exports made up just 55 percent of combined trade transactions at the ports in Miami, Fort Lauderdale and West Palm Beach, according to U.S. Department of Commerce estimates.

Scheduled weekly service between the port and Europe doubled last year, with eight shipping lines linking Miami and Western Europe ports. Another eight companies call at Miami once or twice a month. But many ships return to Europe empty or loaded with scrap paper, auto parts or steel. Mr. Lametta said, underlining the comparatively low level of exports.

Meanwhile, Miami International Airport, the second-best in the

United States, is expanding its European flight schedule. Four airlines have announced plans to begin or expand service this year, bringing the number of weekly direct flights to Europe to 60. This year the port and the airport will be the U.S. ports of entry with direct computer access to the U.S. Customs Service ACS (Automated Cargo System) in Frankfurt, Virginia, which will speed up all transactions.

Dennis Nason, who heads the Credit Suisse operation in Miami, points to the city's growth as an international financial center as another factor in encouraging European investment. Second only to New York in the number of banks doing international business, Miami has nearly 40 so-called "Edge Act" banks — mostly U.S.-based banks permitted to conduct off-

shore business from subsidiaries outside their home states. It is also has about 20 foreign banks, mostly from Europe, Mr. Nason said. The state has used tax structures and legislation "to create an environment for international banking," he said.

"The Miami marketplace now

stands at about \$15 billion in off-shore deposits, up approximately 30 percent in the past two years, he said. "Foreign investment generally goes where it is welcome and it feels comfortable here."

Certain features make Miami more attractive than such banking centers as New York, Panama or the Bahamas, he said. Even relatively modest depositors — with perhaps \$250,000 to invest — have access to top bank officials. Banking services are cheaper, he said. And many bank personnel speak Spanish, French or Portuguese.

Although international banking in Miami has developed a reputation as that of a refuge for drug money and flight capital, many Latin and European investors look to the city as a safe harbor.

"For most people who make an investment in Miami, safety is the second reason, safety is the third reason. After that, they think of return," Mr. Nason said.

William Adams, a British entrepreneur who lives aboard his ocean-going yacht "The Loyalty" at Miami's Dinner Key Marina, moved from the Bahamas 11 years ago for much the same reason.

"Many Europeans would like to have a little money here," Mr. Adams said. "For many, the allure of America is that it is the last bastion of capitalism. Miami is America. It's sunshine, it's growth."

Fluctuations in exchange rates will not alter South Florida's position as an international marketplace, said Thomas Trevis, a Miami-based international trade lawyer. He said Europeans will continue to be attracted to Miami as a corporate distribution headquarters for Latin America. He also cites Florida's "vibrant, entrepreneurial environment."

French trade officials are so enthusiastic about the city that they have established a bilingual program in Miami-Dade County public school system. Providing for the education of French children will help attract "a new breed of French people who only want to spend a few years as expatriates," Mr. Renard explained.

"I am sure we will grow here," he said. "Every day we discover more and more that we are just at the surface of this huge market."

Consolidates Its Exchanges

(Continued from Page 13)

require greater disclosure, and some have even refused to sign the registration forms. The cost of a listing — up to \$4,000 a month — also has caused some protests.

Under the new rules, brokers for the first time will have to maintain \$128,000 in capital, of which 20 percent must be in liquid assets. The minimum is \$640,000, with 10 percent in liquid assets.

The new exchange is to be housed in a new building, a modern building. The traditional tower buildings and floor traders have been replaced with 800 booths with computer terminals that offer 400 pages of information on stock prices, companies' results and news reports.

Orders can be placed by computer and negotiations are done by telephone. Once a transaction is arranged, the sale is entered into the computer and recorded on a central electronic board.

Singapore Legislation

Singapore's Parliament has passed two bills giving the government greater control over the securities markets. Reuters reported Monday.

Finance Minister Richard Ho told Parliament that the Securities Act of 1966 follows a crisis of confidence in the Stock Exchange of Singapore after the failure of Pan-Asian Industries Ltd. and some local broker insolventcies.

He said self-regulation practiced by the exchange since 1975 must be supplemented by new laws giving the Monetary Authority of Singapore powers to amend rules and direct exchange action should the exchange itself fail to do so.

The MAS may also have stock exchange directors and officers and appoint members from the private sector to sit on the exchange committee, he said.

Maximum fines of 50,000 Singapore dollars (\$23,000) or seven years' imprisonment will be imposed for a number of offenses, including insider trading.

CFTC, Exchanges Closer on Auditing

By Martha M. Hamilton

Washington Post Service

WASHINGTON — The Commodity Futures Trading Commission and the exchanges have been having a little "misunderstanding."

Last year, the commission set about revising record-keeping rules for exchanges to make it easier to determine if a broker has been cheating his customers.

The exchanges took the proposal as a major challenge, attacked it as technologically impossible, and raised a million-dollar defense fund.

Today, however, after months of increasingly public conflict, at least one exchange says it may have "overreacted" and is sure something can be worked out.

At issue are changes in the rules, approved by the commission in January, that require minute-by-minute records of trades made in futures and options markets.

The commission's concern is that, without a strict tracking system, it is unable to make trades on their own account at their customers' expense. For instance, a trader with a customer who pushes up the price might buy for his own account first. In doing so, he would be taking advantage of the knowledge of the pending trade to bid the market up and also be cheating his customer out of the best price for the gold by delaying his customer's trade with his own.

But, in the view of those who work in the exchanges, such abuses are unlikely, and are generally overlooked by the exchanges, where, without the accounting rules, accounts may be made for their own accounts and for customers' accounts on the same day.

And the CFTC cannot muster figures to prove the abuse exists: It is not possible without the kind of detailed audit trail the commission would be taking advantage of the knowledge of the pending trade to bid the market up and also be cheating his customer out of the best price for the gold by delaying his customer's trade with his own.

"Right now, in any kind of a busy market, we can't reconstruct what happened," said a commission spokesman, Fowler West.

Exchange officials say they share the commission's concern about improving methods to detect abuse but are concerned that auditing

methods not interfere with the main business of the exchanges, executing orders.

The way the media has expressed it, the CFTC wants audits and the exchanges don't, said John F. Sander, chairman of the Chicago Mercantile Exchange, who says that view is not accurate.

Along with the Chicago Board of Trade, which announced last winter that it was forming a \$1-million defense fund to deal with the CFTC on the audit trail and other issues, the Chicago Mercantile Exchange was an early and vocal critic of the proposal. More recently, however, the Chicago exchanges and the CFTC appear to be approaching a compromise on the audit-trail issue.

Although Congress has no direct role to play in the regulatory issue, it became an issue during recent hearings on the CFTC's reauthorization, which is pending before Congress.

The Senate Agriculture Committee, which approved a six-year reauthorization bill, included non-binding language in that bill endorsing a proposal by the Chicago exchanges to develop a computerized system to comply with the commission's rule. The system would collect information current, by available about when trades are

made and at what price to provide a better tracking system.

The CFTC, which left it to the exchanges to develop their own means of complying, has said the Chicago proposal looks promising.

Mr. Sander said that much of the earlier nastiness reflected a misunderstanding by the exchanges of what the commission was proposing, a belief that the commission wanted records kept manually, to the minute, of each trade made.

"The problems and all the drama and all the passion may be stemmed from a misinterpretation by us," he said. "I think we may have overreacted, but I really don't know. It's really folly to speculate at this point. We want to get it behind us."

Over the years, there was a running debate about whether a similar system of auditing then the system in place was technologically feasible.

The industry has expressed valid fear that market liquidity, not to mention the quality of executions, will suffer from this requirement.

Alan J. Brody, president of the Commodity Exchange Inc. (CME), of New York, Mr. Brody testified at House Agriculture Committee hearings on the CFTC reauthorization early in March.

CURRENCY MARKETS

Dollar Mixed in New York

Compiled by Our Staff From Dispatch

NEW YORK — The dollar was mixed in trading in New York, down sharply against the yen, but higher against most major European currencies.

At 4 P.M., the dollar was at 177.50, down sharply from 179.50 at Friday's early close; at 4:15 Deutsche marks, up from 22.00 at 12:00 French francs, up from 7.1600, and at 1:55 Swiss francs, up from 1.9453.

The British pound was trading at \$1.4710, up marginally from Friday's \$1.4700.

Dealers in New York said position-squaring at the end of the quarter and the month was slowing down the market was low, but the dollar ended unchanged Monday in Tokyo against the yen.

Higher against major European currencies in trading that was light because of holiday closures in

Hong Kong and Europe, dealers said.

Trading in Tokyo was dominated by commercial buying and selling, and banks were reluctant to create new positions because of the end of the Japanese fiscal year Monday, dealers said.

The dollar ended at 179.45 yen in Tokyo, compared with Friday's close of 179.95, after trading as high as 180.05.

It rose to close at 2,254.5 DM on short covering, compared with 2,349.4 Friday.

The dollar firmed to its high against the yen on commercial demand soon after the opening, but selling by exporters pushed it to the low at midmorning, dealers said.

Dealers are divided on the dollar's outlook this week. The market is now awaiting the release on Friday of March U.S. employment data, they said.

(Reuters, IHT)

U.S. Home Sales

Fell in February

The Associated Press

WASHINGTON — Sales of new single-family homes fell 3.8 percent in the United States in February despite some of the lowest mortgage rates in years, the government said Monday.

It was first decline since October, when sales fell 6.3 percent. The Commerce Department said new single-family homes sold at a seasonally adjusted annual rate of 1,200,000 in February, down from 1,212,000 in January.

The average price of a new home, excluding the West, fell 1.6 percent, to \$106,300. Sales fell in all regions except the West. The largest decline, 16.3 percent, was in the South, including Texas.

Analysts attributed much of the surprise drop to slumping sales in oil-producing regions.

World Stock Markets

Via Agence France-Presse March 31

Closing prices in local currencies unless otherwise indicated.

Country	Index	Change
London	1,000	+10.00
New York	2,000	+15.00
Paris	1,500	+20.00
Frankfurt	1,200	+18.00
Berlin	1,100	+16.00
Stockholm	1,300	+12.00
Copenhagen	1,400	+14.00
Helsinki	1,500	+16.00
Oslo	1,600	+18.00
Norway	1,700	+20.00
Sweden	1,800	+22.00
Denmark	1,900	+24.00
Finland	2,000	+26.00
Iceland	2,100	+28.00
Portugal	2,200	+30.00
Spain	2,300	+32.00
Greece	2,400	+34.00
Turkey	2,500	+36.00
Italy	2,600	+38.00
Belgium	2,700	+40.00
Netherlands	2,800	+42.00
Switzerland	2,900	+44.00
Austria	3,000	+46.00
Germany	3,100	+48.00
France	3,200	+50.00
Japan	3,300	+52.00
South Korea	3,400	+54.00
Hong Kong	3,500	+56.00
Singapore	3,600	+58.00
Malaysia	3,700	+60.00
Thailand	3,800	+62.00
Philippines	3,900	+64.00
Indonesia	4,000	+66.00
Brazil	4,100	+68.00
Argentina	4,200	+70.00
Chile	4,300	+72.00
Colombia	4,400	+74.00
Venezuela	4,500	+76.00
Peru	4,600	+78.00
Ecuador	4,700	+80.00
Bolivia	4,800	+82.00
Paraguay	4,900	+84.00
Uruguay	5,000	+86.00
Costa Rica	5,100	+88.00
Panama	5,200	+90.00
Dominican Republic	5,300	+92.00
Honduras	5,400	+94.00
Guatemala	5,500	+96.00
El Salvador	5,600	+98.00
Nicaragua	5,700	+100.00

Monday's OTC Prices

MASSADQ reports on 11 a.m. New York time.

Via The Associated Press

Stock Indexes

Commodity Indexes

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